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Proposed Initiation and Operation of the CIA Retirement Fund

The CIA Retirement Fund would be initially established with receipts in the form of employee contributions of 6 1/2% of gross pay collected on current payrolls and matching Agency contributions to the Fund for each individual transferred by individual personnel action from the Civil Service Retirement System to the Central Intelligence Agency Retirement and Disability System. During the initial phase of operating the fund these would be the only receipts being deposited into the fund. After the individuals are designated, their retirement accounts as shown on Agency records representing Agency service and Civil Service records representing prior Government service would have to be reviewed and the total amount of employee contributions would have to be established for each individual. Arrangements would then be made with the Civil Service Commission to transfer the amount of employee contributions on an individual case basis by check from the Civil Service Commission to the Agency for deposit in the Central Intelligence Agency Retirement and Disability Fund. The cash in the fund would be retained in Agency accounts which are on deposit with the Treasurer of the United States.

The investment of the fund would be determined on the basis of mutual agreement with the Treasury Department. Although the details of the investment of the fund have not been completely agreed upon it is planned that these funds would be invested only in Government securities based upon an agreement between the Treasury Department and the Agency. In order to maintain the security of the Agency operations, specific details concerning the investment of the CIA Retirement Fund in Government securities would not be disclosed in any published reports but would be available to appropriate, cleared Treasury officials.

The attached tables reflect the build-up which is anticipated in the Fund on the basis of current contributions and projected retirements during the initial five-year period. These tables, however, do not reflect any estimate of the transfer of the employee contributions of individuals presently under the Civil Service Retirement Fund nor do they reflect the unfunded liabilities of the Government which would accrue during the period or which would develop in the fund as the result of transferring into it only the employee contributions while granting the employee full retirement

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credit under the fund for all prior service. It is not possible to estimate the unfunded portion of the liabilities since the specific individuals involved have not yet been identified and information concerning their prior service and related contributions to the Civil Service Retirement Fund has not yet been determined. It is estimated, based on the experience in the Foreign Service Retirement System, that unfunded liabilities of the Government for current service under the CIA Retirement System of approximately [REDACTED] per year would accrue when the program becomes fully operative.

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The policy concerning appropriations for the unfunded liabilities would be established by the President in connection with the development of budgetary policies for each year. Generally speaking, it can be assumed that the policy would be to recommend the funding of the projected liabilities of the CIA Retirement Fund based on current service as it accrues. The problem of funding the projected liabilities based on prior service would be the same with the CIA Retirement Fund as it now is with the Civil Service and Foreign Service Retirement Funds. It is contemplated that consideration of this problem in the CIA Fund would be the same as that given the problem in the other funds.

Atts.

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